

AMENDED IN ASSEMBLY AUGUST 26, 1999

AMENDED IN ASSEMBLY JUNE 23, 1999

AMENDED IN SENATE MAY 12, 1999

AMENDED IN SENATE APRIL 28, 1999

AMENDED IN SENATE APRIL 12, 1999

AMENDED IN SENATE MARCH 8, 1999

## SENATE BILL

**No. 114**

### Introduced by Senator Escutia

December 17, 1998

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An act to add ~~Section 1358.22~~ *Sections 1358.22 and 1358.24* to the Health and Safety Code, and to add ~~Section 10194.9~~ *Sections 10192.24 and 10194.9* to the Insurance Code, relating to health coverage.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 114, as amended, Escutia. Health care service plans: disability insurers: Medicare supplements.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Corporations. Under existing law, willful violation of the act is a crime. Existing law also provides for the regulation of disability insurers by the Insurance Commissioner.

Existing law sets forth certain requirements for health care service plans and insurers that offer Medicare supplement coverage to Medicare beneficiaries.

This bill would require plans and insurers that offer Medicare supplement contracts on a guaranteed basis to any Medicare beneficiary whose coverage has been terminated by a managed care plan participating in the federal Medicare program, to also offer those Medicare supplement contracts on a guaranteed basis to Medicare beneficiaries eligible by reason of disability whose coverage is terminated by a managed care plan participating in the federal Medicare program if no other participating managed care plan is available in the beneficiaries' geographic area. The premium rates for contracts offered to these beneficiaries who are 64 years of age or younger, could not exceed the highest rate for covered beneficiaries who are 65 years of age under the same contract.

Since a violation of this requirement by a health care service plan would be a crime, this bill would impose a state-mandated local program by expanding the scope of a crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1358.22 is added to the Health  
2 and Safety Code, to read:  
3 1358.22. Notwithstanding any other provision of law,  
4 plans that offer Medicare supplement contracts on a  
5 guaranteed basis to any Medicare beneficiary whose  
6 coverage has been terminated by a managed care plan  
7 participating in the federal Medicare program, shall also  
8 offer those Medicare supplement contracts on a  
9 guaranteed basis to all ~~Medicare—beneficiaries~~  
10 *beneficiaries eligible for Medicare by reason of disability*  
11 whose coverage is terminated by a managed care plan

1 participating in the federal Medicare program, regardless  
 2 of the age of the Medicare beneficiary. Premium rates  
 3 under this article shall not vary based on the age of the  
 4 beneficiary. provided no other managed care plan  
 5 participating in the federal Medicare program is available  
 6 in the beneficiaries' geographic area. Premium rates for  
 7 each Medicare supplement contract offered to  
 8 beneficiaries who are eligible for Medicare by reason of  
 9 disability and who are 64 years of age or younger shall not  
 10 exceed the highest rate for covered beneficiaries who are  
 11 65 years of age under the same contract.

12 SEC. 2. Section 1358.24 is added to the Health and  
 13 Safety Code, to read:

14 1358.24. Notwithstanding any other provision of law,  
 15 plans that offer Medicare supplement contracts on a  
 16 guaranteed basis to any Medicare beneficiary whose  
 17 coverage has been terminated by a managed care plan  
 18 participating in the federal Medicare program, shall also  
 19 offer those Medicare supplement contracts on a  
 20 guaranteed basis to all beneficiaries eligible for Medicare  
 21 by reason of disability whose coverage is terminated by a  
 22 managed care plan participating in the federal Medicare  
 23 program, provided no other managed care plan  
 24 participating in the federal Medicare program is available  
 25 in the beneficiaries' geographic area. Premium rates for  
 26 each Medicare supplement contract offered to  
 27 beneficiaries who are eligible for Medicare by reason of  
 28 disability, and who are 64 years of age or younger, shall  
 29 not exceed the highest rate for covered beneficiaries who  
 30 are 65 years of age under the same contract.

31 SEC. 3. Section 10192.24 is added to the Insurance  
 32 Code, to read:

33 10192.24. Notwithstanding any other provision of law,  
 34 every insurer that offers Medicare supplement insurance  
 35 on a guaranteed basis to any Medicare beneficiary whose  
 36 coverage has been terminated by a managed care plan  
 37 participating in the federal Medicare program, shall also  
 38 offer that Medicare supplement insurance on a  
 39 guaranteed basis to all beneficiaries eligible for Medicare  
 40 by reason of disability whose coverage is terminated by a

1 *managed care plan participating in the federal Medicare*  
2 *program, provided no other managed care plan*  
3 *participating in the federal Medicare program is available*  
4 *in the beneficiaries' geographic area. Premium rates for*  
5 *each Medicare supplement contract offered to*  
6 *beneficiaries who are eligible for Medicare by reason of*  
7 *disability, and who are 64 years of age or younger, shall*  
8 *not exceed the highest rate for covered beneficiaries who*  
9 *are 65 years of age under the same contract.*

10 *SEC. 4. Section 10194.9 is added to the Insurance*  
11 *Code, to read:*

12 *10194.9. Notwithstanding any other provision of law,*  
13 *every insurer that offers Medicare supplement insurance*  
14 *on a guaranteed basis to any Medicare beneficiary whose*  
15 *coverage has been terminated by a managed care plan*  
16 *participating in the federal Medicare program, shall also*  
17 *offer that Medicare supplement insurance on a*  
18 *guaranteed basis to all beneficiaries eligible for Medicare*  
19 *by reason of disability whose coverage is terminated by a*  
20 *managed care plan participating in the federal Medicare*  
21 *program, provided no other managed care plan*  
22 *participating in the federal Medicare program is available*  
23 *in the beneficiaries' geographic area. Premium rates for*  
24 *each Medicare supplement contract offered to*  
25 *beneficiaries who are eligible for Medicare by reason of*  
26 *disability, and who are 64 years of age or younger, shall*  
27 *not exceed the highest rate for covered beneficiaries who*  
28 *are 65 years of age under the same contract.*

29 ~~*SEC. 3.—*~~

30 *SEC. 5. Section 2 of this act shall only become*  
31 *operative if Senate Bill 764 is enacted during the 1999*  
32 *portion of the 1999–2000 Regular Session, and as enacted,*  
33 *repeals and adds Article 3.5 of Chapter 2.2 of Division 2*  
34 *of the Health and Safety Code, in which case Section 1 of*  
35 *this act shall not become operative.*

36 *SEC. 6. Section 3 of this act shall only become*  
37 *operative if Senate Bill 764 is enacted during the 1999*  
38 *portion of the 1999–2000 Regular Session, and as enacted,*  
39 *repeals and adds Article 6 of Chapter 1 of Part 2 of*

1 *Division 2 of the Insurance Code, in which case Section*  
2 *4 of this act shall not become operative.*

3 SEC. 7. No reimbursement is required by this act  
4 pursuant to Section 6 of Article XIII B of the California  
5 Constitution because the only costs that may be incurred  
6 by a local agency or school district will be incurred  
7 because this act creates a new crime or infraction,  
8 eliminates a crime or infraction, or changes the penalty  
9 for a crime or infraction, within the meaning of Section  
10 17556 of the Government Code, or changes the definition  
11 of a crime within the meaning of Section 6 of Article  
12 XIII B of the California Constitution.

